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**United States Senate**  
COMMITTEE ON SMALL BUSINESS & ENTREPRENEURSHIP  
WASHINGTON, DC 20510-6350

April 11, 2003

The Honorable Judd Gregg  
Chairman, Subcommittee on  
Commerce, Justice, State and the Judiciary  
Committee on Appropriations  
United States Senate  
Washington, DC 20510

The Honorable Ernest Hollings  
Ranking Member, Subcommittee on  
Commerce, Justice, State and the Judiciary  
Committee on Appropriations  
United States Senate  
Washington, DC 20510

Dear Judd and Fritz:

As your subcommittee begins the process for making appropriations for Fiscal Year 2004, I submit the following requests with respect to funding for the Small Business Administration (SBA) programs listed below. Regrettably, actions by the Conference Committee on the Fiscal Year 2003 Omnibus Appropriations Act, eliminated funding for the Historically Underutilized Business (HUBZone), Federal and State Technology (FAST) Partnership, and Rural Outreach (ROP) programs. As a result, the agency has been forced to look for new funding sources to ensure their survival. As I expressed previously to our colleagues, Chairman Nickles and Ranking Member Conrad, it is my great desire to avoid a similar situation in Fiscal Year 2004.

*HUBZone (Historically Underutilized Business Zone) Program.* Although the Federal government has numerous economic development programs, the HUBZone program is a unique response to a particular problem. The HUBZone program provides incentives for the government to act as a customer to small businesses. While HUBZone firms establish a non-governmental customer base, Federal contracts can help these firms survive, while strengthening the economic development effort of our nation's historically underutilized communities.

Consistent underfunding of the program threatens its ability to deliver on these promises. The program has been authorized annual funding ranging from \$5 million to \$10 million since Fiscal Year 1998; however, actual appropriations have never exceeded \$2 million, with no funding for the current fiscal year. Annual funding at \$5 million is vital to allow the SBA: to provide outreach to additional firms and additional HUBZones; to conduct critical program reviews and enforcement actions; and, to undertake additional training for Federal agency acquisition professionals.

Therefore, I ask for your help in ensuring an appropriation for the HUBZone program of \$5 million in Fiscal Year 2004.

*Federal and State Technology (FAST) Partnership Program.* Technological innovation creates jobs, increases productivity and economic growth, and serves as a counter force to inflation and the nation's balance of payments deficit. The small business sector is the nation's

The Honorable Judd Gregg  
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principal source of significant innovation; yet it is large businesses, universities and government laboratories that historically have conducted the vast majority of Federally funded research and development (R&D).

Consequently, two decades ago, the Congress established a government-wide policy to encourage small business innovation by creating the Small Business Innovation Research (SBIR) program at the SBA. Ten years later the Congress created the Small Business Technology Transfer (STTR) program. Over the past four years, \$5.1 billion in R&D grants have been awarded to small businesses under the SBIR and STTR programs.

Congress provided a significant boost to small businesses seeking to participate in the SBIR and STTR programs when it created the Federal and State Technology (FAST) Partnership program. FAST is a competitive matching grant program to encourage states to create an atmosphere conducive to the development of high-technology small businesses.

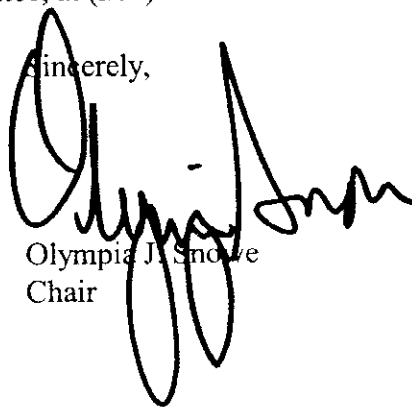
Regrettably, the Conference Committee on the Fiscal Year 2003 Omnibus Appropriations Act deleted all funding for the FAST program for Fiscal Year 2003 forcing the agency to identify alternative new funding sources. Therefore, I also ask for your help in ensuring that the FAST program is funded at its authorized level of \$10 million in Fiscal Year 2004.

Rural Outreach Program (ROP). One critical component of the SBIR program, to help small businesses in rural states seek SBIR and STTR awards, is facilitated through the Rural Outreach Program (ROP). This program provides technical assistance grants to state programs and research centers to assist small companies in preparing SBIR and STTR submissions seeking research awards.

The Conference Committee on the Fiscal Year 2003 Omnibus Appropriations Act also eliminated all ROP funding for Fiscal Year 2003. For this program, too, I ask for your help in ensuring an appropriation at its authorized level of \$2 million in Fiscal Year 2004.

Thank you for your consideration of these requests. If you have any questions or need additional information, please do not hesitate to contact me or have your staff contact Nancyellen Gentile, Professional Staff member on my Committee, at (202) 224-5175.

Sincerely,

A handwritten signature in black ink, appearing to read "Olympia J. Snowe", written over the printed name and title.

Olympia J. Snowe  
Chair